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THE NEW WORLD OF INTERNATIONAL TRADEMARK LAW

MARSHALL A. LEAFFER*

INTRODUCTION

The terms “globalization” and the “information society” bear negative connotations. In addition to these titles, the attempts to reconcile competing systems go by others, including “harmonization,” “the digital challenge,” and “the interests of free trade.” These terms suggest a vast transnational zero-sum game that creates winners and losers in an accelerating decline of national sovereignty. The winners in this vision are Western multinational companies who take their investments where labor is cheaper in an attempt to maximize profits, while evading territorially based laws in search of the most favorable legal environment. The losers in this process are said to be developing countries, unskilled laborers, and small businesses.¹

The purpose of this Article is not to attack this dark vision, but to show how the process of globalization has forced the evolution of international norms while simultaneously changing the face of trademark law. I will point out that this new world of trademark wears a happy face. In so doing, I will review the multilateral developments including the major treaties, the Madrid Protocol and the Trademark Law Treaty. In addition, I will explain important regional developments such as the new Community Trademark, adopted by the European Union. Collectively, these developments have continued to build upon the progress initiated by the first great intellectual property treaty, the Paris Convention, and have brought relative beneficent harmonization in the world of international trademark law. As we will see, certain problems still exist, and probably always will, until we attain, in some distant future, a truly unified system.

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1. See JEFFREY MADRICK, *THE END OF AFFLUENCE: THE CAUSES AND CONSEQUENCES OF AMERICA'S ECONOMIC DILEMMA* (1996) (for negative vision of the post-modern economic world).

It should be noted that unlike information age pessimists, I view the globalization of trademark law (what I call "the new world of international trademark") favorably. In the near future, I do not envisage developments in this "new world" of international trademark law as leading to an inevitable progression toward a centralized unification of trademark laws. I do believe, however, that we will see a progressive harmonization of trademark law among nations—one that will lead to ever greater simplification and expediency in the acquisition and protection of trademark rights worldwide. The benefits from the trend toward harmonization will be enjoyed not only by trademark owners, but by consumers whose welfare will be enhanced by harmonization.

I. THE IMPORTANCE OF TRADEMARKS IN A GLOBAL MARKETPLACE

Trademark law has been somewhat ignored in the current literature, when compared to the animated discussion on the world stage addressing copyright and patent law. This focus is understandable in light of the high economic stakes that are inherent to the fundamental issues in copyright and patent law, and that invite commentary. For example, a vast and growing body of literature² hosts a debate on how to meet the problems presented by the digital age, and questions all of the fundamental notions of copyright protection.³ In addition, legal developments bear witness to the preoccupation with matters digital, both internationally and domestically, and this is evidenced by the recently negotiated World Intellectual Property Organization (WIPO) treaties⁴ and legislative efforts taking place within the United States.⁵

Patent law has received a somewhat more subdued treatment in the news.⁶ The basic transnational patent controversies still remain, par-

2. See Pamela Samuelson, *The U.S. Digital Agenda at WIPO*, 37 VA. J. INT'L L. 369 (1997) (discussing the current debate on how to meet digital challenges).

3. See generally Marshall Leaffer, *Protecting Author's Rights in a Digital Age*, 27 U. TOL. L. REV. 1 (1995).

4. WIPO Copyright Treaty, Dec. 20, 1996, WIPO Doc. CRNR/DC/94 [hereinafter WIPO Copyright Treaty]; WIPO Performances and Phonograms Treaty, Dec. 20, 1996, WIPO Doc. CRNR/DC/95 [hereinafter Phonogram Treaty]; see MARSHALL A. LEAFFER, INTERNATIONAL TREATIES ON INTELLECTUAL PROPERTY 388-396, 438-461 (2d ed. 1997) [hereinafter INTERNATIONAL TREATIES] (for reprinted text of the WIPO Copyright and Phonogram Treaties).

5. See, e.g., WIPO Copyright Treaties Implementation Act, H.R. 1281, 106th Cong. 1997.

6. Controversies over patent laws are covered less in the news, but not ignored. See, e.g., Donald G. McNeil, Jr., *South Africa's Bitter Pill for World's Drug Makers*, N.Y. TIMES,

ticularly those concerning the protection of patent rights in developing countries. It should be noted that dissatisfaction with patent protection in certain developing countries was a substantial motivating factor in pushing Trade Related Aspects of Intellectual Property (TRIPS)⁷ to the forefront of the Uruguay Round. We see these patent controversies continuing on the international stage as embodied in the recent United States-India patent litigation before the World Trade Organization (WTO).⁸

In contrast, one finds much less concern over issues involving transnational trademark matters. Of course, brand name counterfeiting continues to confound trademark owners,⁹ and issues such as the treatment of domain names are far from being resolved.¹⁰ Despite its less flamboyant treatment in the literature, trademark law has undergone profound changes, both multilaterally and regionally. Multilaterally, two new treaties that will change the face of trademark have come to fruition: the Madrid Protocol and the Trademark Law Treaty.¹¹ Among the major developments on the regional level is the creation of the Community Trademark.¹² These changes, brought about by the increasing

March 29, 1998, § 3, p. 1, (discussing the controversy over a new law in South Africa, allowing the importation of cheaper generic drugs from abroad despite the patentee's right of importation).

7. The Agreement on Trade-Related Aspects of Intellectual Property is an agreement made under the auspices of the General Agreement on Tariffs and Trade (GATT) that provides for the establishment of minimum international standards of intellectual property protection. See Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, GATT Doc. MTN/FA 1A1C (Dec. 15, 1993) [hereinafter TRIPS]. The TRIPS agreement also includes the provisions for the enforcement of those standards and effective dispute resolution mechanisms. See INTERNATIONAL TREATIES, *supra* note 4, at 585-618 (for the text of the TRIPS agreement and Member States).

8. WIPO Secretariat, *India-Patent Protection For Pharmaceutical and Agricultural Chemical Products*, WTO Doc. WT/DS50/AB/R (Sept. 5, 1997).

9. See, e.g., Jean Schemo, *In Paraguay Border Town: Almost Anything Goes*, N.Y. TIMES, March 15, 1998, at col. 1, p. 3.

10. See *A Proposal to Improve Technical Management of Internet Names and Addresses, Discussion Draft* (Jan. 30, 1998), U.S. Dept of Commerce (visited Apr. 6, 1998) <<http://www.nita.doc.gov/ntiahome/domainname/dnsdrft.htm>>; *Meeting of Consultants on Trademarks and Internet Domain Names*, WIPO Doc. TDN/MC/I/1 (visited Apr. 6, 1998) <<http://www.wipo.org/eng/internet/domains/tdnmci1.htm>>.

11. Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, June 27, 1989, WIPO Pub. No. 204(E) [hereinafter Madrid Protocol]; Trademark Law Treaty (adopted at Geneva on Oct. 27, 1994 and entered into force Aug. 1, 1996), in WIPO, *Industrial Property and Copyright, Industrial Property Laws and Treaties, Multi-lateral Treaties*, Jan. 1995, at 1-12 [hereinafter TLT]; *Treaties: U.S., 96 Other WIPO Members Conclude International Trademark Law Treaty*, 49 PAT. TRADEMARK AND COPYRIGHT J. (BNA) 22 (Nov. 10, 1994). See INTERNATIONAL TREATIES, *supra* note 4, at 275, 308 (for the text of these treaties).

12. See Council Regulation 40/94 of 20 Dec. 1993 on the Community Trademark, 1994

globalization of markets, are leading toward the acceptance of universal trademark norms and are evidence that in some distant future, we may even see the eventual unification of trademark law among nations.

Why have the Western dominated trademark norms of the TRIPS agreement engendered less controversy when compared with those of copyright and patent law in that same agreement? The rationale arises from a general perception in developing countries about priorities related to the pressing needs of economic development. Leaders in the developing world take the view that inexpensive access to copyrighted computer software and pharmaceutical products covered by patents are essential tools in promoting economic progress. In other words, developing countries have justified their relaxed attitude toward protecting patented technology in their ideology of economic development. Consequently, these same countries resist allocating scarce governmental resources to the enforcement of patent rights. They view the importation of intellectual property as a tool of Western economic domination and exploitation in much the same way that the importation of capital from abroad is viewed. Simply put, how can a patent-poor country justify the costs of an effective patent office, particularly when it is used primarily to protect inventions originating in the West?¹³ These tensions apply, with less force, to trademark law. The ownership of brand names originating in the West has a less ostensible impact on the economic welfare of a country when compared with the application of patent or copyright law.

Nonetheless, the ever-increasing importance and proliferation of trademarks in international and domestic commerce is remarkable in its own way and should not be overshadowed by the current discussions concerning patents and copyrights. Most obvious is the impact of electronic commerce and the growth of the Internet as a selling medium, a forum that transcends national boundaries and bears no physical location on "Main Street." The reputation of a product or service travels rapidly in today's commercial marketplace, and can reach foreign markets long before the trademark owner has actually begun marketing its products and conducting business.¹⁴

O.J. (L11) 1 [hereinafter Council Regulation 40/94]; see INTERNATIONAL TREATIES, *supra* note 4, at 800-857 (for text of Council Regulation 40/94).

13. See generally Marshall Leaffer, *Protecting United States Intellectual Property Abroad: Toward a New Multilateralism*, 76 IOWA L. REV. 273 (1991) [hereinafter *Multilateralism*].

14. See Roger Schechter, *The Case For Limited Extraterritorial Reach of the Lanham Act*, 37 VA. J. INT'L L. 619, 628 (1997).

Trademarks have become even more fundamental in our commercial lives due to the basic changes taking place in the intensely competitive international markets in consumer goods. When compared to the market that existed a few decades ago, today's consumer demands variety, quality, and constant novelty. To meet these demands, businesses tailor their products to smaller and increasingly heterogeneous, niche markets. Consequently, the incentive exists to search for the least expensive location to manufacture the product that will enable the business to compete in global markets. In this fluid environment, the trademark originator's intent to expand beyond its original market should be presumed.

Significant changes in the production and marketing of consumer goods have occurred since the 1970s. Formerly, companies seldom revamped their product lines. The difference today is startling. Take, for example, two heavily advertised products, sneakers and automobiles, and consider how many models were available twenty-five years ago for each. The likely answer is only a handful. Today, in comparison, Nike introduces new sneaker models every six weeks. Peruse any Sunday newspaper supplement and one finds hundreds of models of automobiles for sale.¹⁵

This new world of international trademarks has created intense demands on trademark owners. When models proliferate and product lines are constantly being revamped, relentless pressure is imposed on a company to create a constant flow of new trademarks. Once a trademark is created and the availability of the trademark determined, the trademark must be registered and maintained in many jurisdictions simultaneously. The figures are revealing. The number of trademark registrations worldwide in 1967 was 400,000; by 1992, registrations totaled 1,200,000, a three-fold increase. It is expected that this number will increase even more sharply in the years to come.¹⁶ For these reasons, it is obvious that trademark owners need speed, certainty, and efficiency in seeking and maintaining their rights internationally.

A reliable, stable, and efficiently structured trademark system benefits consumer and business interests alike. Trademarks serve the interests of consumers because they reduce search costs and allow buyers to make rational purchasing and repurchasing decisions with speed and as-

15. See Jeff Madrick, *Computers: Waiting for Revolution*, 45 N.Y. REV. 5, 32 (March 26, 1998).

16. Arpad Boggsch, *Trademarks in 2017: Their Creation and Protection*, 82 TRADEMARK REP. 880, 881 (1992).

surance.¹⁷ Just as important, a strong trademark system creates incentives for firms to create and market products of desirable qualities, particularly when these qualities are not observable before purchase. Indeed, the products that we buy today are embedded with more and more intangible information that is largely unobservable to the human eye. In this commercial environment trademarks operate as a convenient symbolic shorthand that provides this information to consumers in the most efficient manner. For example, a washing machine might include software that controls the correct temperature, or a microwave may apply technology to regulate the length of time a certain vegetable is cooked. These intangible and unobservable features account for an ever greater value of products.¹⁸ To consumers, they are critical to rational purchasing decisions.

Nonetheless, critics from developing countries view trademarks unfavorably. The basic claim is that local consumers are exploited by entrenched brand names acting as insidious vehicles for persuasive advertising. Further, critics claim that trademarks encourage irrational preferences among the vulnerable, and largely illiterate, members of the population. Indeed, some developing countries have shown a hostility to trademarks, viewing them as an obstacle to achieving economic self-sufficiency.¹⁹ This hostility is ill-founded. Like all consumers, local consumers, even those who are illiterate, may be defrauded and sometimes even exposed to health risks by counterfeit goods. However, like consumers anywhere, those in the developing world look to brand names to guide their purchasing decisions, a benefit that outweighs the negative aspects of trademarks.

Trademark skeptics are not limited to the developing world, however. Technologies that facilitate the flow of trademarked images across nations' borders are perceived by small businesses as a threat to their interests. Large companies, equipped with permanent legal and administrative staffs, have the resources to engage in the worldwide filing of trademark applications and to make use of facilitating mecha-

17. See generally William Landes & Richard Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265 (1987). Trademarks help to solve the problem of consumer ignorance about the quality of a product. When quality is opaque not apparent on the goods themselves, the consumer can use the trademark as a signal of quality. In this way, trademarks reduce the costs to consumers of searching for a product with specific qualities.

18. *Id.* (citing FRANCES CAIRNCROSS, *THE DEATH OF DISTANCE: HOW THE COMMUNICATIONS REVOLUTION WILL CHANGE OUR LIVES* (1997)).

19. See *Multilateralism*, *supra* note 13, at 284.

nisms as provided by the Madrid Protocol and Trademark Law Treaty. Therefore, one may encounter instances in which large companies take advantage of their economies of scale and know-how in such matters, when local businesses are only beginning to gravitate toward introducing their trademarks nationally.

Clearly, multinational companies, who own the most recognizable marks and possess the resources to market them, have the most to gain from increasing the exposure of their trademarks. Local companies, however, are not excluded from the benefits of an ever strengthened global trademark system. Instead, they are strongly positioned to exploit local tastes and to furnish the kind of warranties and services essential in a particular geographic region. More importantly, the real winners in this evolving environment are the consumers, because a strong trademark system enhances competition. Clearly, without trademark protection, companies have little reason to provide unique services or goods of consistent quality if free riders were allowed to destroy their competitive advantage. Although the most sophisticated trademark systems are found in western developed countries, a reliable trademark system benefits consumers in all countries, whatever that country's stage of development is. In the following sections of this Article, I will show that the recent ferment in the international trademark system will benefit consumers, while not prejudicing the interests of small, localized business interests.

II. HARMONIZATION, GLOBALIZATION, AND THE PROGRESSIVE DECLINE OF TERRITORIALITY

During the past five years, fundamental changes in the world of intellectual property have occurred, the centerpiece of which is the TRIPS agreement.²⁰ Negotiated under the auspices of the Uruguay

20. TRIPS, *supra* note 7, § 2, arts. 16-24 (trademark provisions). Article 15 provides a definition of trademarks and expressly requires the protection of service marks. *Id.* art. 15. It requires a system of publication whereby each trademark is published for opposition, either before it is registered, or promptly thereafter. *Id.* This affords opponents a reasonable opportunity to bring action for opposition or cancellation. *Id.* art. 15(5). Under Article 16, service marks are to be afforded protection as well known marks as required by Article 6 of the Paris Convention and protection is to be extended to goods and services that have no connection with a registered mark, but whose use would suggest such a relationship and where such use is likely to harm the interests of the registered mark holder. *Id.* art. 16. The term of protection for a trademark must exist for no less than seven years, and the holder must renew the trademark's registered mark, but whose use would suggest such a relationship. *Id.* art. 18. Cancellation of a mark for non-use can occur only after three non-interrupted years, unless valid reasons for non-use exist, such as import or other governmental restrictions. *Id.* art. 19. TRIPS bars compulsory licensing for trademarks. It also requires

Round of the General Agreement on Tariffs and Trade, TRIPS reconfirmed, reinterpreted, and generally extended the norms of the major treaties, the Paris Convention²¹ and the Berne Convention.²² The significance of TRIPS has already changed the face of intellectual property law as member states modify their laws in order to comply with it. The effects of TRIPS have been noticeable in trademark laws worldwide, particularly in a more expansive recognition of trademark subject matter in the law of many countries. The countries of the European Union and others now register shapes of goods and other formerly unorthodox indicia of origin under trademark law. In addition to the harmonization of basic substantive law, trends demonstrate the dismantling of administrative, procedural, and technical requirements that so complicate trademark practice for those who choose to embark on an international trademark launch in other countries. These harmonizing trends point to diminishment of territoriality as the organizing principle of trademark law, as well as for other branches of intellectual property law.

At the outset, intellectual property regimes focused on rewarding local creators at the expense of foreigners. The 1709 Statute of Anne, the first British copyright law, provides the best example of this nativist bias.²³ Protectionist legislation *par excellence*, the Statute of Anne was enacted for the benefit of domestic publishers. Similarly, the first United States patent act allowed only United States citizens the opportunity to obtain patents, and the first United States copyright act did the same for copyright registrations. These intellectual property regimes came about through legislatures seeking to pass laws that favored local businesses. Although Western countries have since amended their laws many times, the guiding principle has always been the territorial application of intellectual property rights.

that "use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form, or use in a manner detrimental to its capability to distinguish goods or services . . ." *Id.* art. 21. Geographical indications identifying a good originating in a member's territory, region or locality must receive protection against use misleading the public or constituting an act of unfair competition. *Id.* art. 22. Additional protection is given for geographical indications identifying wine and spirits. *Id.* art. 23.

21. Paris Convention for the Protection of Industrial Property, opened for signature Mar. 20, 1883, as amended at Stockholm, July 14, 1967, 21 U.S.T. 1630, 828 U.N.T.S. 305 [hereinafter Paris Convention]; see INTERNATIONAL TREATIES, *supra* note 4, at 20-43 (for text of the Paris Convention).

22. Berne Convention for the Protection of Literary and Artistic Works of Sept. 9, 1886, in force July 14, 1967, 331 U.N.T.S. 217.

23. 8 Anne. C. 19 (1710).

Dogmatic territoriality, when applied to intellectual property, ignores basic reality because informational products cannot be located at a particular spot on the globe. The fact that informational products disdain national boundaries conflicts with a world where national laws and practices have shifted when changes of administration, balances of payment, and stages of national development occur. Aware that trade flows involved intangible products at the end of the 19th century, several important nations wishing to promote the interests of their own entrepreneurs and authors abroad initiated the two important international treaties of Paris and Berne. These treaties did much to harmonize laws by applying the basic concepts of minimum rights and national treatment. They nevertheless left ample scope for differences in national laws, and maintained the principle that national intellectual property rights are independent of one another. The trademark provisions of the Paris Convention and subsequent revisions bear the stamp of these principles. To some, the Paris Convention might appear as an artifact of an era when markets were circumscribed by natural borders, and in certain ways, this is true when considered in retrospect. Although it bears the stamp of a by-gone era, it may also be viewed as the pivotal moment in the history of intellectual property treaties, and serves as a harbinger in the progressive decline of territoriality.

III. THE BEGINNINGS OF THE INTERNATIONAL TRADEMARK SYSTEM: THE PARIS CONVENTION

The Paris Convention for the Protection of Industrial Property is the principal international treaty governing patents, trademarks, and unfair competition. Concluded in 1883, the Paris Convention resulted in the first international effort to standardize and simplify the protection of intellectual property rights in Member States. This Treaty has been subsequently amended several times, the last amendment occurring in Stockholm in 1967.²⁴ Significantly, the Treaty drafted at the Paris Convention has the greatest number of Member States of any treaty dealing with intellectual property rights, and is administered by WIPO.

The Paris Convention is primarily concerned with harmonization of substantive trademark law and is premised on the fundamental principle that Member States are not allowed to discriminate between their

24. Originally enacted in 1883, the Paris Convention has been revised six times: Brussels (1900); Washington (1911); The Hague (1925); London (1934); Lisbon (1958); Stockholm (1967).

nationals and nationals of other Member States.²⁵ Thus, nationals of Member States enjoy the same rights, advantages, and protections as nationals in every other Member State of the Paris Convention. The consistency in trademark law among Member States is accomplished by the provisions of the Paris Convention that provide for conditions associated with the filing and registration of trademarks which are determined by national laws.²⁶

One important innovation of the Paris Convention is the right of priority. Once a trademark application has been filed in a Member State, the applicant has a period of six months in which to file corresponding applications in other Member States without losing any rights.²⁷ In effect, the subsequent filings are given a priority date of the first filing, and serves to protect the applicant against third parties after the first filing but before subsequent convention filings.²⁸

Another key provision of the Paris Convention concerns the protection of "well known" marks.²⁹ Under Article 6*bis*, the Paris Convention confers protection for "well known" marks, whether registered or not.³⁰ This provision requires Member States to either refuse to register, cancel the registration, or to prohibit the use of a mark, that is likely to create confusion "of a mark considered by the competent authority of the country of registration or use to be well known in that country" ³¹ Article 6*bis* entitles a national of Member State to protect against exploitation of the famous mark on identical or similar goods. For example, Coca-Cola could bring an action against the use or registration of a trademark in a Member State as long as the "Coke" trademark was famous in that state, and even if the "Coke" trademark was not registered in its country of origin. Coca-Cola could not, however, bring the action if the trademark was used on, or registered for, washing machines.

25. See Paris Convention, *supra* note 20, art. 2.

26. *Id.* art. 6(1).

27. *Id.* art. 4 B, C(1).

28. See 2 STEPHEN P. LADAS, PATENTS, TRADEMARKS, AND RELATED RIGHTS: NATIONAL AND INTERNATIONAL PROTECTION 1196-97 (1975).

29. See Clark W. Lackert, *Famous Marks: Dilution From an International Perspective*, in ANNUAL ADVANCED SEMINAR ON TRADEMARK LAW 1997, at 87 (PLI Patents, Copyright, Trademarks, and Literary Prop. Course Handbook Series No. 176, 1997); Frederick W. Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 89 TRADEMARK REP. 103, 107-08 (1996).

30. See Paris Convention, *supra* note 20, art. 6*bis*(1).

31. *Id.*

In contrast, suppose that "Coke" is registered for dissimilar goods, or that "Coke" is used on similar goods but happens not to be famous in that Member State.³² Clearly, relief under Article 6*bis* is not available, but another provision of the Paris Convention may have some pertinence. Article 10*bis* of Paris provides that "the countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition"³³ and defines unfair competition "as any act of competition contrary to honest practices in industrial or commercial matters."³⁴ The problem is that little consensus exists on what constitutes "unfair competition" under the Treaty. Despite such limitations, the Paris Convention, in protecting famous marks, and even those that are unregistered, illustrates further the move toward the erosion of territoriality in trademark law.³⁵

The Paris Convention embodies a number of Special Unions (known also as Special Arrangements) concerning various forms of industrial property. These Special Unions have in their own way further harmonized and integrated the international system. In order to adhere to a Special Union under the Paris Convention, a country must first be a member of the Paris Convention.³⁶ The Madrid Agreement Concerning

32. See *Person's Co. v. Christman*, 900 F.2d 1565, 1569-70, 14 U.S.P.Q.2d (BNA) 1477, 1481 (Fed. Cir. 1990) (registration of well known Japanese trademark by United States national in the United States is not subject to cancellation unless the mark is well-known in the United States). *Person's* is analyzed in Beth Fulkerson's Article, *Theft By Territorialism: A Case For Revising TRIPS to Protect Trademarks From National Market Foreclosure*, 17 MICH. J. INT'L L. 801 (1996).

33. See Paris Convention, *supra* note 20, art. 10*bis*(1).

34. *Id.* art. 10*bis*(2).

35. Some of these limitations to protection of Article 6*bis* of the Paris Convention may soon be moot because TRIPS specifically provides protection for well-known marks used on dissimilar goods and services if such use would indicate a connection between the trademark owner's goods and services and the trademark owner is damaged as a result. TRIPS, *supra* note 7, art. 16(3).

36. Other Arrangements concerning Trademarks include The Lisbon Agreement for the Protection of Appellations of origin and Their International Registrations, Oct. 31, 1958, as last revised at Stockholm, July 14, 1967, and amended 1979 (a multilateral treaty providing for an international system of registration and protections of appellations of origin. The treaty was formed at the 1958 Lisbon Conference of the Revision of the Paris Convention. The United States is not a member); The Madrid Arrangement for the Repression of False or Deceptive Indications of Source, July 14, 1967, 828 U.N.T.S. 389, 23 U.S.T. 1353 (First created at the Madrid Revision Conference of the Paris Convention in 1890 and has been revised several times the latest revision being at Stockholm in 1967. There are thirty members adhering to this arrangement. The United States is not a member); Nice Arrangement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, June 15, 1957, 550 U.N.T.S. 45, as revised at Stockholm, July 14, 1967 and at Geneva, May 13, 1977, in force Nov. 12, 1969. See INTERNATIONAL TREATIES, *supra* note 4, at 260-274 (for texts of these arrangements).

the International Registration of Marks ("Madrid Agreement") is one such special arrangement. The Madrid Agreement was completed at the Madrid Revision conference of the Paris Convention in 1890, and later revised at Stockholm in 1967. The Madrid Agreement builds on principles outlined at the Paris Convention by creating an international mechanism for the registration of trademarks. Approximately thirty nations, the United States not being one of them, are party to the Madrid Agreement.

IV. EXTENDING THE PARIS UNION BY SPECIAL UNION: THE MADRID AGREEMENT

The Madrid Agreement³⁷ affords trademark owners of Member States the opportunity to obtain trademark rights in other countries through a single filing in their home country's trademark office.³⁸ The owner of a home country trademark registration, commonly referred to as the "basic registration," may file an international application with its national trademark office and designate other Member States in which extension of protection is desired.³⁹ The international application is then forwarded to WIPO, which issues an international registration of the mark, publishes the mark in its gazette, *Les Marques Internationales*, and forwards the application to the designated countries for examination pursuant to national law.⁴⁰ Unless a designated country acts within one year to refuse protection, the mark is deemed protected.⁴¹ An international trademark applicant may assert a claim of priority under the Paris Convention as long as the international application is filed within six months of the first-filed application.⁴² Additionally, a non-member of the Madrid Agreement, such as United States, may obtain multi-national registrations under the Agreement. The non-member may do so in the name of a subsidiary corporation domiciled in one of the Madrid Agreement countries.⁴³

37. Agreement of Madrid for the International Registration of Trademarks of 14 April 1891 [hereinafter Madrid Agreement]; see INTERNATIONAL TREATIES, *supra* note 4, at 260-274 (for the text of the Madrid Agreement).

38. See Madrid Agreement, *supra* note 37, art. 1(2).

39. *Id.* arts. 3(1), 3ter(1).

40. *Id.* arts. 3(4), (5).

41. *Id.* arts. 5(1), (2), (5).

42. *Id.* art. 4(2); Paris Convention, *supra* note 20, art. 4(C).

43. Madrid Agreement, *supra* note 37, arts. 1(2), (3).

The Madrid Agreement was originally intended to provide for a globally comprehensive international registration system, although it was unable to accomplish this goal because of the lack of broad international acceptance. In that regard, many non-European countries, including the United Kingdom, the United States, and the Central American, South American, and Asian countries, including Japan, have refused to adhere to the Agreement. The lack of general acceptance thwarted any attempt to create a truly "international" registration system as initially contemplated. Instead, the Agreement is a mechanism by which the Central Bureau forwards a uniform application to various Member States, yet fails to actually register the trademarks in national trademark registers. Despite its limitations, the Madrid system has proven to be popular. Approximately 650,000 registrations have been effected since it began, about half of which remain registered.⁴⁴

Despite the Madrid Agreement's obvious advantages, one may question why the United States has not joined it. Simply put, the fundamental tenets of the Madrid Agreement clash with the *sui generis* trademark system found in the United States. First, under the Madrid Agreement, a trademark owner may not file an international application until a home registration has been obtained.⁴⁵ This disadvantages United States trademark owners because the registration and subsequent review process takes longer in the United States than in other countries.⁴⁶ Thus, if a Spanish trademark owner and a United States trademark owner were seeking international protection of a mark, the Spanish owner would invariably win the race, because Spain registers marks more quickly than the United States. Second, the Madrid Agreement requires that the designated country act to refuse the registration within a year, or the mark is deemed protected.⁴⁷ This aspect is also incompatible with the American system, which has a relatively long examination process. Under the Madrid Agreement, the United States Patent and Trademark Office (PTO) would be forced to give priority to international applications, unless the current system was vastly overhauled which would mandate substantial expenditures. Third, under

44. See David H. Tatham, *The International Registration System*, in GLOBAL TRADEMARKS, AND LITERARY PROPERTY RIGHTS IN THE INTERNATIONAL MARKETPLACE, 1997 at 43, 45 (PLI Patents, Copyrights, Trademarks, and Literary Prop. Course Handbook Series No. 488, 1997).

45. Madrid Agreement, *supra* note 37, art. 1(2).

46. See generally JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE, § 9.02 (1997). The current average pendency of a trademark application is fourteen to sixteen months.

47. Madrid Agreement, *supra* note 37, art. 5(5).

the "Central Attack" provision of the Madrid Agreement, if a home country registration is successfully challenged during the first five years of the term of the international registration, all extensions of protection in the designated countries also fall.⁴⁸ This provision would unfairly affect United States trademark owners to a greater degree, because many of the possible grounds for challenging United States registrations are not available in other countries.⁴⁹ Fourth, French is the only official language under the Madrid Agreement. This mandates that the PTO would be forced to translate all documents submitted under the Madrid Agreement into French, a burdensome task from an administrative standpoint.⁵⁰ As a result of these drawbacks, the United States and other countries, have never seriously considered joining the Madrid Agreement. Yet, an international consensus developed to continue the search for a more integrated international trademark system—one that would meet the needs of the times.

In the mid-1960s, attempts were made to draw up a treaty that would remedy the limitations of the Madrid Agreement, while further harmonizing international trademark practice. This motivation led to the drafting of the Trademark Registration Treaty (TRT), which was adopted in Vienna in 1973. The TRT became effective in 1980 with five contracting states: Burkina Faso, Congo, the Gabon, the Soviet Union, and Togo.⁵¹

The central provision of the TRT established a multinational filing arrangement for securing, administering, and maintaining national registrations. To accomplish this, applications were to be filed with WIPO and would have the same effect in each Member State designated by the applicant. Thus, the TRT did not create an "international trademark" that operated to supersede the domestic laws of each nation. Rather, the TRT was essentially a filing treaty, like the Madrid Agreement, under which a formally correct filing would result in recordation

48. *Id.* art. 6(3).

49. The main reason is that prior users may challenge a registered trademark in the United States whereas most other countries prior user rights are not recognized.

50. Another drawback mentioned is that the Madrid Agreement provides for a relatively inexpensive fee schedule by which users of it would pay substantially lower fees than applicants for registration in the United States. In the United States, unlike other countries, the registration system is funded through user fees. Thus, United States adherence to Madrid Agreement would force United States trademark owners to subsidize the examination of applications filed by foreigners.

51. See MARSHALL LEAFFER, *INTERNATIONAL TREATIES IN INTELLECTUAL PROPERTY* 293-336 (1st ed. 1990).

on an international register. After filing, national law would come into play and the application would be examined under that nation's laws. A key substantive provision of the TRT requires that each nation suspend for a period of three years any domestic requirements for use of the mark. A nation could, however, require that the owner declare an intention to use the mark. At that time, the United States was not ready to change a fundamental principle of its trademark law, the requirement of "use" as the basis of trademark rights. For the United States, the TRT would have required implementing legislation to establish an intent to use trademark system, a feature that did not come to fruition in United States law until 1989.⁵²

Although the TRT received the required number of ratifications to become effective, it has never had more than a handful of adherents. Accordingly, the TRT never achieved the goal of its drafters, which was to replace the Madrid Agreement. And, despite a small coterie of vigorous supporters, the TRT has never come close to becoming ratified in the United States.⁵³

In the early 1980s, when it appeared that the TRT was stalled and the Madrid Agreement could not significantly be enlarged, WIPO became interested in drafting a new trademark treaty. The consensus was that a new treaty should avoid the perceived shortfalls of the Madrid Agreement. The result was the Madrid Protocol which kept the basic structure of the one hundred year old Madrid Agreement, but circumvented its perceived weaknesses.

As we will see, the basic impediments to joining the Madrid Agreement have been remedied by the Madrid Protocol. I predict that the United States will adhere to the Madrid Protocol, whose members already include certain major countries. Membership in the Madrid Protocol will entail certain changes to United States trademark law, none of which are of major import, but will create a healthier and more efficient mechanism for trademark practice in the global environment.

V. EXPEDITING THE INTERNATIONAL FILING SYSTEM: THE MADRID PROTOCOL

52. See 15 U.S.C. § 1051(b), (1994).

53. See, e.g., David B. Allen, *The Trademark Registration Treaty: Its Implementing Legislation*, 21 IDEA 161 (1980); Walter J. Derenberg, *The Myth of the Proposed International Trademark "Registration" Treaty (TRT)*, 63 TRADEMARK REP. 521 (1973); Anthony R. DeSimone, *In Support of the TRT*, 63 TRADEMARK REP. 492 (1973).

From an American standpoint, the Madrid Protocol⁵⁴ is a vast improvement over the Madrid Agreement. The Protocol sets up a comprehensive and one stop registration system, as did the earlier Madrid Agreement, and avoids its disadvantages, at least for United States filers.⁵⁵ First, it allows an international registration to be grounded on a national application, rather than requiring an issued national registration.⁵⁶ Second, the Protocol eliminates the Central Attack provisions of the Madrid Agreement.⁵⁷ Under the Protocol, if the basic registration is canceled, the owner of the international registration will be able to convert the international registration into separate national applications, while preserving the effective filing date of the original international registration. Third, the Protocol allows a filing to be made in English,⁵⁸ which will avoid the cumbersome translation problems under the Madrid Agreement for non-francophone countries. Fourth, the Protocol allows countries wide authority to charge fees that cover the costs of filing under the international application procedures.⁵⁹ In comparison, the Madrid Agreement mandates a low fee schedule, which is inconsistent with the administration of the PTO. The PTO is largely financed by user fees. Thus, if the United States were to join the Agreement, filing fees for applicants in the United States would have to be raised in order to make up the difference, thereby requiring applicants in the United States to subsidize foreign international applicants. The Protocol resolves this problem by allowing countries to charge their national fees, an option United States registrants will certainly find appealing.⁶⁰

Despite its cost-reducing benefits, many companies in the United States may avoid the Protocol mechanism, preferring to file in one country at a time. Clearly, the beneficiaries under the Madrid Protocol will be large companies, such as the multinational pharmaceuticals who conduct worldwide searches, followed by multi-country filings. These

54. Madrid Protocol, *supra* note 11; see INTERNATIONAL TREATIES, *supra* note 4, at 275-289 (for text of the Madrid Protocol).

55. See Roger E. Schechter, *Facilitating Trademark Registration Abroad: The Implications of U.S. Ratification of the Madrid Protocol*, 25 GEO. WASH. J. INT'L L. & ECON. 419 (1991) (for an overview of the Madrid Protocol and its implications for the U.S); see also Jeffery M. Samuels & Linda B. Samuels, *The Changing Landscape of International Trade-mark Law*, 27 GEO. WASH. J. INT'L L. & ECON. 433 (1994).

56. Madrid Protocol, *supra* note 11, art. 2.

57. *Id.* art. 4bis., 6.

58. *Id.* art. 16.

59. *Id.* art. 8.

60. *Id.*

companies generate relatively secure information about possible objections to their registrations before adopting the mark and filing applications. For these large multinationals, the Protocol will be beneficial because the cost savings from the international registration process is realized only if a mark does not encounter objections in designated countries. Thus, if a mark is challenged, the applicant must designate a local representative and pay representation fees. Moreover, the Protocol may not be as attractive to companies choosing relatively descriptive marks. In some jurisdictions, such marks must show secondary meaning or acquired distinctiveness to be entitled to registration, and are often rejected for lack of distinctiveness.

Another weakness of the Protocol, particularly for American and Canadian companies, has to do with the scope of the goods as specified in the home country application. In the United States, an applicant is required to precisely identify the goods on the application.⁶¹ The insistence on enumerating goods with precision, reflecting their actual use, differs significantly from other countries, none of which are as rigorous on this aspect of trademark registration. By filing in individual countries, United States companies can obtain broader coverage in most foreign countries (sometimes extending to all of the goods in the class), without having made use of the mark on the goods or services specified in the application. Under the Protocol, however, such broad coverage is not possible because the scope of the international registration depends on the description of goods contained in the registration from the office of origin.⁶² If an application in the United States is restricted or abandoned within the first five years of the international registration, or if there is a restriction or abandonment after the five-year period where the action to restrict or abandon began during the five-year period, the international registration will be similarly restricted or abandoned.⁶³

This aspect of the Madrid Protocol will not affect all trademark owners equally. In fact, many United States trademark owners will be indifferent to this provision of the Madrid Protocol. To illustrate, a company that registers a mark on a new breakfast cereal in Class 30⁶⁴ will probably not be concerned about getting coverage for the entire

61. See Andrew Baum, *Madrid Protocol: Will United States Join? If So, What Will It Mean For U.S. Companies?*, 215 N.Y. L.J. 97 (1997).

62. Madrid Protocol, *supra* note 11, art. 3.

63. *Id.* art. 6.

64. TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1401 (Jerome Gilson & Jeffrey Samuels eds., 1997) (for a description of the goods and services in the United States classification system).

class that includes, for example, yeast and vinegar. In other instances, obtaining broad class coverage might make a difference for a company's coherent expansion of its product line. For example, a manufacturer of jeans would be limited to registering the trademark for jeans in the United States, although most apparel makers would consider it quite important to control the mark in foreign countries with respect to goods such as shirts, sweaters, blouses, and footwear. Likewise, companies in the entertainment industry, such as creators of audiovisual works, motion pictures, and television shows, would want full class coverage to account for licensing opportunities to cover a variety of products. Owners of such marks are unlikely to file under the Protocol, despite the possible savings on the filing costs. In sum, the international registration system will be employed advantageously by many companies, but it will not supersede country by country filing in the proper circumstances.

Taken as a whole, the Madrid Protocol should produce positive gains for United States trademark owners. Moreover, participation of the United States in the Protocol would greatly bolster the international filing system, and would encourage other countries to become Member States. For the moment, the State Department of the United States' opposition to the participation is the main impediment to ratification of the treaty. The problem, as perceived by the State Department, involves the administrative structure of the Protocol and not its substantive aspects. The Protocol permits intergovernmental organizations with their own trademark offices to have voting rights separate from, and in addition to, the votes of the individual Member States. United States diplomats fear that to allow, for purposes of the Protocol, European Union voting rights in addition to the votes of individual European countries, would create an unfavorable precedent in all future treaty arrangements, whatever the subject matter. Despite this current snag in the United States ratification of the Protocol, one may safely predict that the problem will be resolved in the near future, given the benefits that will accrue from widespread participation by the world's more powerful nations.

VI. SIMPLIFYING THE SYSTEM: THE TRADEMARK LAW TREATY

To register a trademark worldwide, companies are forced to meet procedural and substantive requirements that vary in every country. It is necessary to complete a confounding variety of disparate forms in different languages, grapple with idiosyncratic and sometimes unintelligible systems of classifications of goods, submit electro-types and prints

of various sizes and amounts, and to pay disparate official fees in a variety of currencies. Once registration has been procured, the trademark owner must contend with various procedures concerning its assignment, licensing, or renewal, all of which are subject to the vagaries of national treatment. The inability of international business to cope directly with all these differences obliges the business representative to retain, for each country in which protection is sought, trademark attorneys or agents, who will, of course, exact "reasonable" professional fees to decipher the curiosities of national law.⁶⁵

Unfortunately, it is apparent that a foreign trademark program is expensive and continues to become more so. Trademark owners must take into account not only the initial filing procedure that may vary depending on the type of mark, but also the greater costs of prosecution. Such costs may involve dealing with the objections raised by the trademark office, dealing with oppositions, and acquiring the rights of third parties.⁶⁶

The international trademark community has been aware of the costly reality of the trademark system⁶⁷ and has searched for a multilateral agreement to streamline the procedural and formalistic morass inherent in the process.⁶⁸ One of the costs of the system is the legal uncertainties that are generated by registration procedures, which in some countries are so onerous, they become an impediment to the protection of one's trademark and may be viewed as a barrier to trade.⁶⁹ The

65. Gabriel M. Frayne, *History and Analysis of TRT*, 63 TRADEMARK REP. 422, 434-35 (1973).

66. See Thomas J. Hoffman, *International Trademark Practice*, in ADVANCED SEMINAR ON TRADEMARK LAW 1995, at 247, 259 (PLI Patents, Copyrights, Trademarks, and Literary Prop. Course Handbook Series No. 410, 1995) (discussing the likelihood that expenditures of \$10,000 for a filing program, could result in an additional \$10,000 in prosecution cost).

67. For example, the Kodak Company owns 2,500 marks and has over 25,000 registrations in nearly 150 countries. Obviously, any simplification of the registration and application process could greatly reduce costs and legal uncertainties of the process. *Hearings on H.R. 567 Before the House Comm. on the Judiciary*, 105th Cong. (1997) (statement of David Stimson, President of the International Trademark Association) (available in LEXIS Legis library, Congtest file).

68. When in practice with a large multinational company, I was impressed by what seemed be oceans of paper arriving daily, representing various stages of the application process and registration maintenance in the various trademark offices around the world. This is not unusual because large consumer oriented companies such as, Proctor and Gamble, Bristol Myers, and American Home Products Corporation, own thousands of marks encompassing practically every jurisdiction in the world.

69. Examples are everywhere. In Turkey, multiple translations of all company documents into Turkish are mandatory, and delays over the smallest details are interminable. *Id.* Another example from the legislative history involves one company's effort to legislate its

Trademark Law Treaty (TLT)⁷⁰ is designed to eliminate the formalities that make registration an insurmountable task in the more than 200 trademark jurisdictions around the world.

Work on the TLT began under the auspices of WIPO in 1987. At the outset, the committee of experts, which held meetings between 1989 and 1993, focused on both substantive and procedural aspects of trademark law. This proved to be too ambitious a task. Consequently, the substantive aspects of the TLT were omitted, and the committee devoted its time to the harmonization of trademark procedures.⁷¹ The diplomatic conference concluded with a "final act" and adopted the TLT on October 27, 1994. The TLT was opened for signature on October 28, 1994, and at that time, thirty-five countries, including the United States, signed the treaty. Currently, eleven additional countries have ratified or acceded to the TLT, which became effective on August 1, 1996.

The TLT accomplishes procedural harmonization by setting forth a list of maximum requirements that members may impose for various actions. Furthermore, the TLT prohibits the imposition of additional, and often oppressive formalities of the various national offices that made the system unwieldy. Formerly, the registration of a trademark operated to lead the applicant through a maze of bureaucracy, making the process expensive, difficult, and time consuming, and the TLT has addressed those problems.

The TLT renders the process concrete by promulgating model forms that standardize applications, powers of attorney, and changes in name, address, and ownership.⁷² Each Member State must accept these forms as fulfilling the requirements for the action taken. Moreover, if the application form attached to the TLT is used, they must be accepted by the Member State, and additional formalities may not be imposed.⁷³

The TLT contains general provisions that are designed to reduce the cost of trademark registration procedures, providing that a power of attorney may relate to several applications or registrations by the same owner.⁷⁴ In addition, a Member State cannot require attestation, notari-

mark in Italy, whose requirements include an endless series of legalized documents. *Id.*

70. Trademark Law Treaty, opened for signature, Oct. 28, 1994, entered into force Aug. 1, 1996, [hereinafter TLT].

71. See Ian Jay Kaufman, *The Madrid Protocol and The Trademark Law Treaty*, N.Y. L.J., September 8, 1995 at 5.

72. TLT, *supra* note 70, arts. 3, 4, 10, 11.

73. *Id.* art. 3, ¶ 2.

74. *Id.* art. 4, ¶ 3.

zation, authentication, legalization, or certification of any signature, except in the case of a surrender of a registration.⁷⁵ The TLT's provisions affect the application stage in acquiring rights, the post registration stage in maintaining rights, and the renewal stage in extending rights. The TLT includes certain substantive provisions as well.

First, in regard to the application stage, the rules of the TLT clarify what a trademark office may and may not require from the applicant or owner of a trademark. A trademark office may require or request the name and address, other information concerning the mark, the goods and services the mark pertains to, the mark's classification, and a declaration of the intention to use the mark.⁷⁶ Second, in respect to the post-registration stage, the TLT exhaustively lists what formal requirements are permitted after registration concerning changes in names, addresses, and ownership of the registration, and correction of any mistakes, if necessary.⁷⁷ Third, the TLT standardizes the renewal stage by setting forth provisions for the duration of both the initial period of the registration and the renewal period to ten years each.⁷⁸ In addition to these procedural provisions, the TLT requires Member States to recognize and protect service marks and trademarks, and to apply the provisions of the Paris Convention to service marks.⁷⁹

The TLT will not only benefit trademark owners but should also be favorable for developing countries, who would be well advised to take full advantage of its provisions. TRIPS imposes a considerable burden on public administration by increasing the costs of trademark acquisition and maintenance. For example, TRIPS mandates prompt publication after registration of a trademark. For most countries, compliance with this provision will entail minor adjustments, whereas compliance with TRIPS will impose new and substantial costs on developing countries. These countries will now have to expedite the registration procedure, institute prompt publication procedures, and enable the registration for new varieties of mark such as logos, designs and even combination of colors—all of which are to be registrable under TRIPS. The TLT should encourage developing countries to eliminate costly procedures such as the cumbersome legalization requirements that impose costs not only on the applicant, but on the local administration.⁸⁰

75. *Id.* art. 3, ¶ 2.

76. *Id.* art. 3, ¶ 1.

77. TLT, *supra* note 70, arts. 10-12.

78. *Id.* art. 13 ¶ 7.

79. *Id.* art. 16.

80. Ian Jay Kaufman, *Comparison of U.S. and Foreign Trademark Law*, in CURRENT

Thus, the benefits to developing countries are the provisions of the TLT that encourage standardization of administrative procedures, leading to reduced paperwork burdens and resulting in less errors by applicants in the registration process.⁸¹

There is absolutely no reason why the United States should not adhere to the TLT. The TLT will impose very minor changes on United States trademark law, whose procedures are, by and large, already in compliance with the TLT.⁸² The participation by the United States would also encourage universal adherence to the TLT by other countries.

VII. HARMONIZING THE SYSTEM: TRIPS AND REGIONAL DEVELOPMENTS

In conjunction with multilateral and regional developments, fundamental changes have taken place in the international protection of trademarks during the past five years. The changes in international protection have been motivated by TRIPS and the efforts to harmonize trademark laws in the European Union. Further, these changes have influenced the trademark legislation of numerous countries. The combination of international norms such as those set forth in TRIPS, and regional harmonization in the European Union has had a synergistic effect on trademarks worldwide and has operated to promote the adoption of these norms by other regional trading blocks.

As for TRIPS, these changes are directly mandated by the Madrid Agreement. Other changes have been influenced indirectly by non-European countries who have conformed their laws to the principles embodied in European Union legislation. The trend toward harmonization should create an enhanced interest for participation in the multilateral treaties. The result should be an accelerated adherence of

DEVELOPMENTS IN TRADEMARK LAW 1986, at 323, 329 (PLI Patents, Copyrights, Trademarks, and Literary Prop. Course Handbook Series No. 229, 1986).

81. See Robert M. Sherwood, *The TRIPS Agreement: Implications for Developing Countries*, 37 IDEA 491, 523 (1996).

82. The changes include: (1) the elimination of the requirement for a statement of the mode or manner in which a mark is used or intended to be used in connection with the goods or services specified in the application, TLT, *supra* note 70, art. 3; (2) the elimination of the requirement that the applicant verify the written application; (3) the adoption of a grace period of at least six months for the filing of a renewal application, *id.* art. 13; (4) the elimination of a declaration and/or evidence concerning the use of a mark in connection with the filing of a renewal application, *id.*; and (5) the elimination of a requirement to file a copy of the actual assignment document as a condition for recording the assignment of a trademark registration.

countries to international treaties, including the Paris Convention, the TLT, and the Madrid Protocol.

Influenced by TRIPS and European harmonization, countries have enlarged their coverage of trademark subject matter, extending protection to formerly unrecognized categories of marks. These new kinds of marks include the shapes of goods, product containers, product trade dress, and other unusual indicators of origin. Moreover, recent legislation⁸³ and case law in a number of countries expressly recognize famous marks.⁸⁴ In addition to treaty adherence and harmonization, a number of countries have removed the technical requirements concerning the transfer and licensing of marks. Canada, the United Kingdom, and other countries that formerly imposed a "registered user" system of licensing records that have elected streamlined and simplified licensing provisions.⁸⁵

VIII. REGIONAL INTEGRATION: THE COMMUNITY TRADEMARK

A Community Trademark registration results in a unitary registration covering all the Member States of the European Union.⁸⁶ From its registration, the Community Trademark confers on its owner exclusive rights throughout the territory of the European Union.⁸⁷ Serious discussion of a Community Trademark began in 1964, when a working group for the Common Market prepared a draft of a "Convention on the European Trademark." The first concrete proposal for a regulation on the Community Trademark did not come to fruition until 1980, some fifteen years later. The Community Trademark was the second prong of a two pronged program for an integrated European trademark system; the first prong was designed to harmonize trademark law and eliminate variances between trademark law among Member States. The First Council Directive to Approximate the Laws of the Member States Relating to Trademarks of 1988 ("Directive") provided the harmonizing element.⁸⁸ The Directive establishes use requirements⁸⁹ and a

83. See generally FREDERICK W. MOSTERT, *FAMOUS AND WELL-KNOWN MARKS* (1997).

84. *Enterprise Rent-A-Car Co. v. Singer*, [1996], 66 C.P.R.3d 453. The Federal Court of Canada held that it was not necessary for the mark "Enterprise U.S." to be "famous" or even "well known" within the meaning of Sec. 5 of the Trade Mark Act in the protection of its good-will.

85. See Trade Marks Act, 1994, ch. 26, §§ 28-31 (Eng.).

86. Council Regulation 40/94, *supra* note 12, art. 1, ¶ 2.

87. *Id.*

88. Council Directive 89/104 of 21 December 1988, *To Approximate the Laws of the Member States Relating to Trade Marks*, 1988: O.J. (L40) 1 [hereinafter Council Directive

single exhaustion doctrine,⁹⁰ including rules governing licensing and acquiescence of trademark owners to third party use.⁹¹ In addition, it provides a common definition of trademark⁹² and establishes grounds for refusal of trademark as well as cancellation of national trademark registrations.⁹³

As a result of the Directive, the acquisition and protection of registered trademarks is subject to the same rules in all Member States. This will make the protection of trademarks easier for trademark owners and will also facilitate the flow of trade within the internal market. There are, however, some issues left unsettled by the Directive. In particular, national rules regarding registration procedures vary between European Union countries, and these countries still differ significantly in the protection of unregistered marks.⁹⁴ Despite these open issues, the European Union has progressed toward the integration of trademark laws that are consistent with the concept of the single market.

The establishment of the Community Trademark went one step further than the Directive by creating an alternative mechanism to national trademark registration.⁹⁵ The Community Trademark System enables trademark owners to file a single application and submit it to either of three places: the Community Trademark Office located in Alicante, Spain (OHIM),⁹⁶ a Member State, or with the Benelux Trademark Office.⁹⁷ The application materials must include the application itself, a list of goods or services it will be used on, and a reproduction of the mark.⁹⁸ The Community Trademark Office will examine the appli-

89/104]; see INTERNATIONAL TREATIES, *supra* note 4, at 868-880 (for text of the Council Directive). For an overview of the Directive and its implementation see Annette Kur, *Harmonization of the Trademark Laws of Europe—An Overview*, 28 IIC 1 (1997).

89. Council Directive 89/104, *supra* note 87, art. 10.

90. *Id.* art. 7.

91. *Id.* art. 8.

92. *Id.* art. 2.

93. *Id.* art. 3.

94. See Kur, *supra* note 86, at 9.

95. Council Regulation 40/94, *supra* note 12. The adoption of the Community Trademark was delayed because of two political problems. First was the failure to agree on the location of the Community Trademark Office. The problem was resolved by placing in Alicante, Spain. The second problem was that of languages and was resolved by adopting five official languages: English, French, German, Italian, Spanish. GUY TRITTON, *INTELLECTUAL PROPERTY IN EUROPE* 153 (1996).

96. *Office for Harmonization in the Internal Market (Trade Marks and Designs)* (visited Apr. 6, 1998) <<http://Europa.ev.int/agencies/ohim/english/gen-info/gen-info.htm>>.

97. Council Regulation 40/94, *supra* note 12, art. 25.

98. *Id.* art. 26.

cations for filing requirements and determine whether any cause for absolute refusal of the mark exists.⁹⁹ In other words, the Community Trademark Office will examine for inherent registrability of the mark but not as to prior conflicting rights. Accordingly, the onus is placed on the owners of prior conflicting rights to oppose the application. Once the requirements have been fulfilled, the application will be published, commencing an opposition period.¹⁰⁰ Oppositions, based on prior rights in any of the Member States, may be instituted within three months of publication. If all the requirements have been met and no opposition has been raised, the mark will be registered. Registrations are good for ten years¹⁰¹ and renewals are good for additional ten year terms.¹⁰² Because Community Trademark registration covers all Member States and grants exclusive rights throughout the European Union, the Community Trademark can be transferred or revoked only for the entire territory of the European Union.¹⁰³

The European Union Council Regulations do not abolish national trademark protection,¹⁰⁴ rather, it creates a Community Trademark that co-exists with national trademarks.¹⁰⁵ As stated above, existing trademarks in Member States, having established prior rights, may provide grounds that bar registration of a Community Trademark.¹⁰⁶ The applicant of a Community Trademark may request the conversion of its application or registration into a national mark, provided that the Community Trademark application is refused, or withdrawn.¹⁰⁷

The proprietor of a Community Trademark must put its mark into use within five years following revocation.¹⁰⁸ Use of a Community

99. *Id.* arts. 35-38.

100. *Id.* art. 40.

101. *Id.* art. 46.

102. Council Regulation 40/94, *supra* note 12, art. 46.

103. *Id.*

104. *Id.*

105. *Id.*

106. *Id.* art. 8, ¶ 2(a)(ii); *see also* art. 8, ¶ 2(a)(iii) (including trade marks registered under international arrangements which have the effect in a Member State).

107. Council Regulation 40/94, *supra* note 12, art. 8, ¶ 2(a)(ii).

108. *Id.* art. 50. This article has exceptions to non-use, including:

[W]here there is genuine use of the trade mark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing application or counter claim which began at the earliest on expiry of the continuous period of five years of non-use shall, however be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application or counterclaim may be filed . . .

Id.; *see also id.* art. 15.

Trademark anywhere in the European Union will be sufficient to satisfy the user requirement for the overall registration throughout the European Union.¹⁰⁹

The Regulation further centralizes trademark practice in the European Union in another important manner. It does so by requiring that issues relating to the infringement of a Community Trademark registration be heard by specially designated Community Trademark Courts existing in each country within the European Union.¹¹⁰ In the course of an infringement suit, the validity of a Community Trademark can be raised in a counterclaim only before Community Trademark Courts.

The Community Trademark will have a significant impact on international trademark practice both within and outside of the European Union. Because a registrant does not have to be an European Union national to obtain registration for a Community Trademark, an applicant may be a national of the World Trade Organization (WTO) countries, Paris Convention countries, or countries that accord European Union nationals the same trademark rights given to their own nationals.¹¹¹ This provision makes it possible for nationals making up the overwhelming majority of countries in the world (outside of a tiny number of less-developed nations) to avail themselves of the Community Trademark. Because the Community Trademark promises to be an important factor for companies doing business in the European Union, the incentive exists to accelerate the adherence of the remaining countries that have not yet joined the WTO and the major international conventions.

Community Trademark applications are integrated into the Paris Convention, the Madrid Agreement, and the Madrid Protocol. Community Trademark applications may claim a priority date to the application if applicable under the Paris Convention.¹¹² Moreover, the Community Trademark will be compatible with the Madrid Agreement¹¹³ and its Protocol.¹¹⁴ Thus, an application for a Community Trademark can be used to form the basis of an International registration under the Madrid Agreement and the Madrid Protocol.

109. Council Regulation 40/94, *supra* note 12, art. 15.

110. *Id.* art. 91.

111. *Id.* art. 5.

112. *Id.* arts. 29-30.

113. *See* Madrid Agreement, *supra* note 37.

114. Madrid Protocol, *supra* note 11.

The Community Trademark holds great promise for the international trademark community. This is particularly the case when one considers its positive aspects in facilitating and maintaining a trademark registration throughout the world's largest regionally integrated market.¹¹⁵ Possible cost reductions will be generated from the procedure where one application, centrally filed and examined, is the basis for community-wide rights. This aspect of the Community Trademark avoids the need for hiring local agents in each country of the European Union. Overall, the unitary nature of the mark, the user requirements covering the entire community, central renewal, and the specialized Community Trademark Courts provide a level of unification not found in any other regional system.

Will the promise of the Community Trademark be realized? First indications suggest that it has a bright future.¹¹⁶ On the other hand, the Community Trademark will not be a godsend for every prospective trademark owner wishing to file under the centralized system. One reason for opposition may arise from trademark owners in Member States who believe the centralized system is too expensive. Moreover, Community Trademarks may be difficult to obtain in certain instances because a single prior right in any community country defeats the overall application. If an opposition is successful, the trademark owner is forced to convert the community application into national applications and file with each nation separately, causing the trademark owner to lose the advantage of the centralized filing.¹¹⁷ This may cause some prospective applicants to forego use of the Community Trademark in favor of filing under the Madrid Agreement and its Protocol. The advantage of the Protocol is that if prior rights exist in a Member State, registration can be obtained in the other designated countries. In comparison, because of the unitary nature of a Community Trademark, a prior right can completely defeat an application for a Community Trademark. Despite these reservations, the Community Trademark will provide a

115. The Community Trademark is linked to the Madrid Protocol by providing that any inter-governmental organization, such as the European Union, may become party to the Protocol. Once the Madrid Protocol is ratified by the European Union, it will be possible for the European Community Trademark Office to be designated in an application for an International Application. See Madrid Protocol, *supra* note 11, art. 14.

116. "By the end of September 1997, 62,000 Community Trademark Applications had been filed; the CTM office estimates that 70,000 applications will be filed by the end of 1997 Currently oppositions are running at . . . 20 percent of publications." Samson Helfgott, *I²P Group News*, IPL NEWSLETTER (American Bar Association), Vol. 16, No. 2 Winter 1998, at 36.

117. Madrid Protocol, *supra* note 11, art. 35.

much less costly route to obtaining trademark rights for the entire Community. What we may see in the future is a hybrid of the Madrid Agreement and the Community Trademark whereby a Madrid Agreement application will use a Community Trademark to obtain protection in the Community.¹¹⁸

CONCLUSION: THE FUTURE OF THE SYSTEM

With the advent of satellites and digital transmission of television programs, motion pictures and the like, audiences around the world are increasingly exposed, instantaneously, to well known entertainment properties and associated consumer products. Until now, trademark issues arising from new technologies have been accommodated by applying traditional territorial trademark laws. As I have suggested, the territorial model of trademark law in such a world is an anachronism and, from a practical standpoint, hardly exists in its pure form.

That said, I do not predict or even advocate the disappearance of territorially-limited national systems and their replacement by a common, unified and centralized agency that would grant worldwide trademark rights. Such an agency will not come about for a long time, but we should see increasingly more integration on the regional level, modeled after the European Union. In sum, the motivating factor for greater levels of worldwide trademark harmonization will arise from regional blocks whose most compelling (but not exclusive) example is the European Union rather than multilateral treaties. The pressures on the international system will necessitate change. In the year 2017, it has been predicted that we will see well over three million trademark filings in over 150 trademark offices.¹¹⁹ The reality—the crush of filings in trademark offices around the world, tripling every twenty-five years—will create a pressure toward universal adherence to the Madrid Protocol and the Trademark Law Treaty. In turn, enlarged participation in these two treaties will accelerate the quantity of international trademark filings, imposing on all trademark offices ever-increasing record keeping, personnel, and other administrative costs. These costs will be particularly onerous on India, Pakistan, and other developing countries

118. On the other hand, “the owner of a Community Trademark need only use it in one Member State in order to maintain its validity whereas the owner of parallel national registrations will have to use it in all states in which he has registrations.” See TRITTON, *supra* note 94, at 160.

119. Arpad Bogisch, *Trademarks in the Year 2017 Their Creation and Protection*, 82 TRADEMARK REP. 880, 880-81 (1992).

that do not have computerized data bases.¹²⁰ The pressures on the international system will also encourage more trademark administration to simplify their procedures with a greater use of automated electronic, and on-line filing methods. By necessity, the international registration system will become faster, cheaper, and more reliable.

Despite this trend toward globalism, the principle of territoriality as applied to trademark law will dissipate, but will not disappear. Rather, it will be replaced progressively by varieties of regional integration. In the next decades, we will see variants of the European Union model arise in such diverse geographical areas as: Latin America (MERCOSUR);¹²¹ and South America (Cartagena Agreement);¹²² Asia (APEC);¹²³ and Africa (ARIPO and OAPI).¹²⁴ On the other hand, unification of trademark law will probably never materialize in the strict sense. There are simply too many irreconcilable differences in language, legal culture, and judicial systems among nations. In this regard, the wide disparity is particularly noticeable concerning the enforcement of trademark rights under national law.

Countries may agree on a certain amount of harmonization and centralized filing mechanisms, but few will forego their sovereignty in favor of some "supernational" court that would adjudicate the enforcement of trademark rights. Thus, enforcement mechanisms and application of substantive rights will continue to vary extensively from country to country, or community to community, despite the norms established in

120. Ian Jay Kaufman, *A Non-European View of the Madrid Protocol, Trademark Law Treaty & the Community Trademark*, N.Y. L.J., August 18, 1995, at 5.

121. This regional agreement encompasses Brazil, Argentina, Paraguay, and Uruguay. See Treaty Establishing a Common Market Between the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay 30 I.L.M. 1041 (1991); see also Protocol to the MERCOSUR Agreement, Ouro Preto, Dec. 17, 1994, Arg.-Braz.-Para.-Uru., I.E.L. V-0016; (protocol of Harmonization of Intellectual Norms in the MERCOSUR with respect to Trademarks and Geographical Indications, signed August 5, 1995 by Argentina, Brazil, Paraguay, and Uruguay); see generally, Wilfrido Fernandez et al., *Mercosur and Implications for Industrial Property* in INTERNATIONAL INTELLECTUAL PROPERTY LAW 131-141 (Denis Campbell & Susan Cotter eds., 1995).

122. The Andean Pact or Cartagena Agreement encompasses Bolivia, Colombia, Peru, and Venezuela. See Agreement on Andean Subregional Integration, May 26, 1969, 8 I.L.M. 910. "The current legal norms for the protection of intellectual property rights . . . are found in three decisions [of] the Commission Decision 344 contains the rules for the protection of patents, utility models, trademarks, industrial secrets, and [geographical designations]." Decision 351 covers copyright. *Id.* at 822. Decision 345 treats plant varieties. *Id.* Thomas Andrew O'Keefe, *How the Andean Pact Transformed Itself Into a Friend of Foreign Enterprise*, 30 INT'L LAW 811, 821-22 (1996) (footnotes omitted).

123. APEC refers to Asia-Pacific Economic Cooperation.

124. ARIPO refers to the African Regional Industrial Property Organization; OAPI refers to the African Intellectual Property Organization.

TRIPS. Nor will national registration systems become obsolete, even if universal adherence to the Madrid Protocol becomes a reality. National registration systems will co-exist with both international and regional ones. For the near future, these concurrent systems are necessary to accommodate small traders who have neither the wherewithal nor the interest in filing on a geographically broader basis.

On the domestic front, the United States should join both the Madrid Protocol and the Trademark Law Treaty, which would permit applicants in the United States to obtain multinational registration through domestic filings in the PTO. Conversely, the United States is likely to face a growing stream of applications from foreign owners, complementing their multinational registrations with United States coverage. This will add significantly to the number of filings in the United States; numbers that have already increased dramatically as a result of amendments to United States law, including allowance for filings based on intent to use.¹²⁵

I do not suggest that in this new world of international trademarks that only a few well-defined issues remain to be resolved on the road to some transcendent harmony among nations. In fact, thorny issues remain about which I have said little. First, I have ignored the dogged persistence of trademark counterfeiting taking place systematically in various developing countries.¹²⁶ The solution, if any, to this tenacious problem will occur through the WTO or through the highest diplomatic levels.

Second, I have not discussed a trademark issue of great current interest in international circles: the registration and protection of domain names, trademark-like entities that function as Internet addresses yet also have origin indicating significance. The resolution of this issue has so far eluded the international community, but will necessitate some kind of multilateral solution. Expert committees studying the issue have issued various pronouncements in United States and in WIPO.¹²⁷

125. See, e.g., Lanham Act, 15 U.S.C. § 1051 (1994).

126. See, e.g., Diana Jean Schemo, *In Paraguay Border Town: Almost Anything Goes*, N.Y. TIMES, Mar. 15, 1998, § 1, p. 3. In Ciudad del Este, Paraguay, a border town, ninety per cent of goods sold are counterfeit.

127. See, e.g., *A Proposal to Improve Technical Management of Internet Names and Addresses*, Discussion Draft 1/30/98, (visited Apr. 6, 1998) <<http://www.nita.doc.gov/ntiahome/domainname/dnsdrft.htm>> (proposed rule from the U.S. Dept. of Commerce); *Meeting of Consultants on Trademarks and Internet Domain Names* (WIPO document TDN/MC/1/1) (visited Apr. 6, 1998) <<http://www.wipo.org/eng/internet/domains/tdnmci1.htm>>.

Third, despite noticeable progress, much more needs to be accomplished in the harmonization of national laws. Even the Trademark Law Treaty allows too much disparity remains in local law in matters of filing requirements and examination procedures. Most importantly, the greatest divergence can be found in post-registration procedures such as registration maintenance, oppositions, cancellations, and standards for infringement. Unfortunately, despite the overwhelming adoption of TRIPS norms within the WTO, and the European Union Harmonization Directive, a wide discrepancy in local practice persists, calling for sustained multilateral efforts for further harmonization.

Finally, work needs to be done on the international level that transcends classic notions of trademark law. By this I mean that there should be international recognition of unfair competition; a concept that is relatively well developed in the law of the United State but less accepted abroad. So far, the international community has lagged in developing international norms of unfair competition. International agreements do not obligate Member States to impose remedies against forms of inequitable conduct that do not classically fall into the familiar categories of trademark infringement or passing off. We may, however, be in for significant changes on this front as well. WIPO has published a document entitled "Model Provisions Against Unfair Competition" containing standard provisions that states could use in the drafting or improving of legislation pertaining to unfair competition.¹²⁸ Whatever form the resolution of these issues will take, one thing is clear: the world of trademark is in store for changes that will continue to challenge and erode established notions of independent, territorially based trademark laws.

128. For an overview of these provisions and a copy of them see Charles Gielen, *WIPO and Unfair Competition*, 19 E.I.P.R. 78 (1997).

